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**From:** [REDACTED]

**Sent:** Friday, October 25, 2013 11:31:37 AM

**To:** [REDACTED]

**Cc:**

**Bcc:**

**Subject:** RE: Life Insurance for Dependents

I agree with your analysis. Because the face amount of the employer-provided dependent group-term life insurance exceeds \$2,000, the insurance is NOT deemed to be a de minimis fringe benefit (see Notice 89-110). In determining whether dependent group-term life insurance with a face value exceeding \$2,000 is de minimis or not, we only take into account the excess (if any) of the cost of the insurance over the amount paid for the insurance by the employee on an after-tax basis. As you conclude, the cost of the insurance is determined under section 1.79-3(d)(2) of the regulations. A cliff provision does apply in that, if an employer provides a benefit that exceeds either the value or the frequency limitations for de minimis fringe benefits, the entire benefit is included in the employee's income, not just the portion that exceeds the de minimis limits (see Reg. Section 1.132-6(d)(4)). Hope this is helpful.